

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 68 – HB 224

May 1, 2017

SUMMARY OF ORIGINAL BILL: Extends the termination date of the Department of Children's Services (DCS) to June 30, 2021. Under the *Tennessee Governmental Entity Review Law*, the Department is scheduled to terminate on June 30, 2017. Requires the Department to update the Government Operations Joint Evaluation Committee on Education, Health, and General Welfare by December 31, 2017, on the Department's progress addressing the November 2016 Performance Audit Report findings.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (008111): Adds a section to the proposed legislation requiring the Fiscal Review Committee to review all contracts entered into by state agencies, local governmental entities, and county sheriffs with private contractors or private vendors for the provision of services relating to the operation of youth development centers (YDC). Requires any current, non-probationary state employee whose position is subject to a contract by a private provider be offered a comparable position at a comparable salary and benefits as provided by the department.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – The Fiscal Review Committee does not have statutory authority to review contracts between local government agencies and a private vendor. Therefore, it is assumed the Fiscal Review Committee will only review contracts between state agencies and private vendors relating to the operation of youth development centers (YDCs) to comply with the proposed legislation which can be accomplished within the existing resources of the committee.

Assumptions for the bill as amended:

- This bill continues an existing entity at its current funding level.

SB 68 – HB 224

- According to the Governor's Recommended Budget Document for FY17-18 (page B-192), total recommended funding for DCS for FY17-18 is \$782,981,000 (\$311,781,000 state; \$166,732,000 federal, and \$304,468,000 other).
- Under current law, the Fiscal Review Committee is not authorized to review contracts between local governmental agencies and a private vendor. It is assumed that the Fiscal Review Committee would only review contracts entered into between the Department of Children's Services and private vendors.
- The Fiscal Review Committee can review these contracts within its existing resources.
- Requiring a private provider to offer a current, non-probationary state employee a comparable position at a comparable salary and benefits as provided by the department could increase the state's cost under the contract.
- However, it assumed that any increase under the contract will be offset by the savings realized from the state no longer employing such individual.
- It is assumed that the proposed legislation will not significantly impact state expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/trm